

Message Text

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SUBJECT: PRESIDENTS ECHEVERRIA AND PEREZ MARK 37TH ANNIVERSARY OF
PETROLEUM EXPROPRIATION

REF: MEXICO 1624; MEXICO 2452

1. SUMMARY: AT CEREMONIES MARKING 37TH ANNIVERSARY OF
MEXICO'S PETROLEUM EXPROPRIATION, PRESIDENTS ECHEVERRIA
AND PEREZ OF VENEZUELA PAID HOMAGE TO ACHIEVEMENTS OF
MEXICAN PETROLEUM INDUSTRY AND INDIRECTLY SEVERELY CRITICIZED U.S.
ECONOMIC ROLE IN LATIN AMERICA. PEREZ ALSO URGED MEXICO TO
CONSERVE ITS PETROLEUM RESOURCES AND EXPORT REFINED
PRODUCTS. END SUMMARY.

2. MEXICAN PRES. ECHEVERRIA AND VENEZUELAN PRES. PEREZ
TOOK ADVANTAGE OF CEREMONIES MARKING 37TH ANNIVERSARY
OF EXPROPRIATION OF MEXICAN PETROLEUM INDUSTRY
TO LASH OUT (ALTHOUGH NOT MENTIONING BY NAME) AT CONTINUING U.S.
DOMINANCE OF LATIN AMERICA AND LINKING LATIN AMERICA TO
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ASPIRATIONS OF THIRD WORLD. THIS WAS IN CONTRAST TO FACTUAL,

RELATIVELY NON-POLITICAL REMARKS IN "STATE OF THE INDUSTRY" REPORT BY PEMEX DIRECTOR GENERAL DOVALI.

3. PRES. ECHEVERRIA, IN FIRST OF THE TWO PRESIDENTS' REMARKS, CAME DOWN PREDICTABLY HARD ON NEED TO LIBERATE LATIN AMERICAN ECONOMIC INSTITUTIONS FROM DEPENDENCE ON INDUSTRIALIZED (READ U.S.) WORLD, BUT IT WAS PEREZ WHO TOOK HEAVIEST SWIPES AT U.S. IN LENGTHY, SOMEWHAT EMOTIONAL (WHETHER CONTRIVED OR NOT) SPEECH. HE USED HEAVILY LOADED TERMS LIKE "IMPERIALISM" AND "SO-CALLED DEMOCRACIES" IN THINLY VEILED REFERENCE TO U.S. AND LASHED OUT AT U.S. AND OTHER INDUSTRIALIZED COUNTRIES FOR LIVING OFF LATIN AMERICAN RAW MATERIALS AND GIVING LITTLE IN RETURN.

4. IN WHAT SEEMED IRONIC IN LIGHT OF THE PEMEX DG'S REPORT ON GROWTH IN INDUSTRY, PEREZ CAUTIONED MEXICO AGAINST TOO RAPID DEVELOPMENT OF THEIR PETROLEUM INDUSTRY, CITING VENEZUELA'S EXPERIENCE WHERE THEY HAVE REVENUES THEY CANNOT EFFECTIVELY UTILIZE AND ALREADY DECLINING PETROLEUM RESERVES. AS A MATTER OF FACT, PEREZ BOASTED, HE HAS ORDERED REDUCTIONS IN VENEZUELA'S PETROLEUM OUTPUT EQUAL TO MEXICO'S NATIONAL PRODUCTION (ABOUT 700,000 BPD). PEREZ STRUCK A RESPONSIVE NOTE WITH THOSE IN ATTENDANCE WHEN HE URGED MEXICO TO MINIMIZE EXPORTS OF CRUDE AND CONCENTRATE ON EXPORTS OF REFINED PRODUCTS AND PETROCHEMICALS INSTEAD. (COMMENT: PEREZ'S COMMENTS ON THIS POINT AND MEXICAN OFFICIALS' REACTIONS MAY WELL SIGNAL A SHIFT IN MEXICAN PETROLEUM STRATEGY. GOM HAS LONG BEEN CONSCIOUS OF NEED TO AVOID DEPENDENCE ON RAW MATERIALS EXPORTS AND GAIN VALUE ADDED THROUGH IN-COUNTRY PROCESSING. IN CONVERSATION WITH PEMEX MANAGER EXPORT SALES AFTER SPEECH, EMBOFF WAS TOLD CRUDE EXPORTS WOULD CONTINUE FOR NOW AROUND 70-110,000 BPD BUT HAD NO IDEA OF FUTURE PLANS. HE DID INDICATE POSSIBILITY OF LEASING FOREIGN REFINERY CAPACITY WAS STILL ALIVE.)

5. PEREZ'S REMARKS LEFT NO DOUBT THAT HE AND ECHEVERRIA ARE OF ONE MIND CONCERNING SUPPOSED DANGERS OF U.S. DOMINATION AND NEED FOR LATIN UNITY IN FACE OF CONTINUED U.S. PRESSURES. PEREZ CAME ACCROSS MUCH MORE FORCEFULLY LIMITED OFFICIAL USE

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AND ALMOST TO POINT OF DEMAGOGUERY, EVEN NOTICEABLY SURPRISING MANY OF THE MEXICAN OFFICIALS PRESENT WITH HIS HIGHLY EMOTIONAL REMARKS. CROWD REACTION WAS FAVORABLE, WITH LABOR UNIONISTS PREDICTABLY ENTHUSIASTIC (ALTHOUGH IN TALKS WITH PETROLEUM WORKERS' UNION LEADERS, EMBOFF WAS GREETED WITH WARMTH IN VERY FRIENDLY ATMOSPHERE). SEVERAL MEXICANS AFTER SPEECH INDICATED THAT THEY THOUGHT PEREZ'S SPEECH WAS CONSIDERABLY LESS SPONTANEOUS

THAN IT APPEARED (HE HAD BEEN NOTICED FUMBLING WITH SOME CARDS PRIOR TO SPEAKING) AND THAT THE SPEECH WAS BEING TELEVISED TO VENEZUELA - HENCE THE RHETORIC AGAINST U.S. ON MEXICAN SIDE, MANY OFFICIALS IN PEMEX STILL DO NOT APPEAR TO GRASP EXACTLY WHAT THEIR PRESIDENT IS TRYING TO LEAD THEM TOWARDS, ONE OF THEM COMMENTING THAT MEXICO ALREADY WAS INDEPENDENT, PARTICULARLY IN THE SENSE OF HAVING "LIBERATED" THEIR PETROLEUM INDUSTRY 37 YEARS AGO, AND THIS WAS ALL GETTING TO BE OLD STUFF TO THEM.

6. AT CEREMONIES, ECHEVERRIA SEEMED WILLING TO BE UP-STAGED BY PEREZ (ALTHOUGH ECHEVERRIA DID AT TIMES EXHIBIT UNREST BY LENGTH OF PEREZ'S REMARKS AND APPEARED STARTLED ON OCCASION BY TONE).

7. IN FINAL NOTE, AFTER PETROLEUM WORKERS' LUNCHEON AT WHICH PEREZ AND ECHEVERRIA WERE HONORED, AS DIGNITARIES WERE LEAVING (INCLUDING SECRETARIES OF NATIONAL PATRIMONY ALEJO AND TREASURY LOPEZ PORTILLO), CROWD SURGED FORWARD AND SECURITY DETAIL BECAME SEPARATED FROM PEREZ AND ECHEVERRIA. VENEZUELAN SECURITY PEOPLE APPARENTLY PUSHED PEREZ INTO WAITING BUS BUT ECHEVERRIA WAS LITERALLY MOBBED BY CROWD, INCLUDING AT LEAST TWO APPARENTLY HYSTERICAL PEOPLE WHO GRABBED HIM AND SCREAMED IN HIS FACE THOUGH IT WAS NOT CLEAR IF IN AFFECTION OR ANGER. ECHEVERRIA, OBVIOUSLY FRIGHTENED, FINALLY WAS RESCUED BY SECURITY MEN AND PUSHED INTO BUS. OTHER OFFICIALS, INCLUDING LOPEZ PORTILLO WERE SHUNTED ASIDE AND BUS PULLED AWAY FROM CROWD WHERE OTHER OFFICIALS THEN CLAMBERED ABOARD. IT DOES NOT APPEAR PEREZ OR ECHEVERRIA HURT, BUT EMBOFF WHO VIEWED INCIDENT FROM TEN FEET AWAY BELIEVE BOTH CERTAINLY WERE SHAKEN BY INCIDENT. THAT THIS CLOSE EXPOSURE TO CROWD WOULD BE PERMITTED SO SOON AFTER INJURY LIMITED OFFICIAL USE

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